

Message Text

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INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02

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EA/EP:RIMUS

TREAS:EMEIGHNER

TREAS:JBUSHNELL

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA PRIORITY

INFO TREASURY

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E.O. 11652: N/A

TAGS: EAID,EFIN

SUBJECT: ADF REPLINISHMENT

REF: (A) TREASURY 75-168; (B) MANILA 14399

1. PER REFTTEL A, YOU ARE INSTRUCTED TO HAVE THE ABSTENTION OF THE UNITED STATES RECORDED WITH REGARD TO ACCEPTANCE OF THE REPORT OF THE BOARD OF DIRECTORS AND THE SUBMISSION OF THE DRAFT RESOLUTION TO THE GOVERNORS. IN THAT CONNECTION, YOU SHOULD MAKE A STATEMENT OF THE U.S. RESERVATION ON THE TIMING AND AMOUNT OF U.S. PARTICIPATION. CONTENT OF PROPOSED U.S. STATEMENT BEGINS AT PARAGRAPH 3 OF THIS CABLE.

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2. YOU SHOULD ALSO PROPOSE TO HAVE THE FOLLOWING TECHNI-

CAL CHANGES MADE IN THE DRAFT REPORT. IN PARAGRAPH SIX AFTER THE SECOND SENTENCE THE FOLLOWING SHOULD BE INSERTED: QUOTE HOWEVER, AS NOTED IN PARAGRAPH 10 BELOW, ADJUSTMENTS IN THESE AMOUNTS CAN BE MADE AT THE REQUEST OF A CONCERNED CONTRIBUTOR. IN ADDITION, AS EXPLAINED IN PARAGRAPH 8, IN SPECIAL CASES AN INSTRUMENT MAY CONTAIN A QUALIFICATION THAT PAYMENT OF ONE OR MORE INSTALLMENTS OF A CONTRIBUTION IS SUBJECT TO APPROPRIATE LEGISLATIVE ACTION. UNQUOTE THE PURPOSE OF THESE INSERTIONS IS TO INDICATE IN ONE PLACE AT THE BEGINNING OF THE DISCUSSION IN THE REPORT ON THE TERMS OF THE RESOLUTION THAT THE AMOUNTS SET FOR CONTRIBUTION BY THE INDIVIDUAL COUNTRIES CAN BE CHANGED AND THAT THE COMMITMENTS TO PAY MAY BE MADE SUBJECT WHERE NECESSARY TO OBTAINING APPROPRIATIONS.

3. QUOTE ON BEHALF OF MY GOVERNMENT, I WISH TO ABSTAIN IN THE VOTE ON THE DRAFT REPORT OF BOARD OF DIRECTORS ON THE REPLENISHMENT OF THE RESOURCES OF THE ASIAN DEVELOPMENT FUND AND THE DRAFT RESOLUTION ATTACHED THERETO. AS INDICATED BY DEPUTY ASSISTANT SECRETARY BUSHNELL OF THE U.S. TREASURY DEPARTMENT AT THE BRUSSELS MEETING, THE EXECUTIVE BRANCH HAS NOT YET CARRIED OUT CONSULTATIONS ON THE ADF REPLENISHMENT WITH THE U.S. CONGRESS, AS IS OUR PRACTICE. IN FACT, THE EXECUTIVE BRANCH HAS NOT YET REACHED A DECISION ON THE LEVEL OR TIMING OF THE U.S. CONTRIBUTION. THE UNITED STATES, THEREFORE, CANNOT ASSOCIATE ITSELF WITH THE FIGURE SHOWN FOR THE UNITED STATES IN THE CONTRIBUTION TABLE ATTACHED TO THE DRAFT RESOLUTION. IF THE CONTRIBUTION FIGURE DECIDED UPON BY THE USG (IN CONSULTATION WITH CONGRESS) DIFFERS FROM THAT SHOWN IN THE TABLE IN THE DRAFT RESOLUTION, THE UNITED STATES WILL INVOKE PARAGRAPH 9 OF THE RESOLUTION.

4. I SHOULD LIKE TO EMPHASIZE, ON BEHALF OF MY GOVERNMENT, THAT THE UNITED STATES REMAINS FIRMLY COMMITTED TO THE ASIAN DEVELOPMENT BANK, AND WE PLEDGE OUR STRONG AND CONTINUED SUPPORT OF THIS EFFECTIVE INSTITUTION. WE PLAYED A LEADING ROLE IN THE ESTABLISHMENT OF THE BANK, AND WE BELIEVE IT IS AN IMPORTANT REGIONAL DEVELOPMENT INSTITUTION. BOTH SECRETARY SIMON AT THE ADB ANNUAL

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MEETING AND SECRETARY KISSINGER, IN HIS RECENT UN SPEECH, HAVE STRESSED THE BASIC U.S. BELIEF THAT THE ASIAN DEVELOPMENT BANK IS A CRITICAL MULTILATERAL INSTITUTION FOR FURTHERING ECONOMIC DEVELOPMENT IN THE ASIAN REGION AND HAVE EXPRESSED THE INTENTION TO PARTICIPATE IN ADB REPLENISHMENT EFFORTS.

5. WITHIN THE LAST YEAR, THE CONGRESS OF THE UNITED

STATES HAS ALSO SIGNALLED U.S. SUPPORT FOR THE BANK BY TAKING SEVERAL IMPORTANT ACTIONS. IN DECEMBER 1974, THE CONGRESS AUTHORIZED \$362 MILLION AS THE U.S. SHARE IN THE BANK'S ORDINARY CAPITAL REPLENISHMENT, ALONG WITH \$50 MILLION TO COMPLETE THE U.S. CONTRIBUTION TO THE INITIAL RESOURCE MOBILIZATION OF THE ASIAN DEVELOPMENT FUND. AND, IN MARCH OF THIS YEAR, THE CONGRESS APPROPRIATED THE SECOND \$50 MILLION U.S. CONTRIBUTION TO THE ADF AND THE PAID-IN PORTION OF ONE-THIRD OF THE U.S. SHARE OF THE BANK'S REPLENISHMENT OF ORDINARY CAPITAL. THE FIRST

PRIORITY OF THE U.S. EXECUTIVE BRANCH IS TO OBTAIN FUNDING FOR U.S. PARTICIPATION IN THE ADB AND ADF UNDER PREVIOUSLY AGREED MULTILATERAL ARRANGEMENTS. WE HAVE THEREFORE REQUESTED AND ARE MAKING EVERY EFFORT TO OBTAIN THE APPROPRIATIONS NOW PENDING BEFORE THE CONGRESS FOR FISCAL YEAR 1976: \$50 MILLION TO COMPLETE THE U.S. CONTRIBUTION TO THE INITIAL RESOURCE MOBILIZATION OF THE ADF, AND \$121 MILLION FOR THE SECOND INSTALLMENT OF THE U.S. SHARE OF THE ORDINARY CAPITAL INCREASE.

6. SUBJECT TO OBTAINING THESE APPROPRIATIONS, THE EXECUTIVE BRANCH PLANS TO UNDERTAKE CONSULTATIONS WITH THE CONGRESS ON THE APPROPRIATE LEVEL AND TIMING OF U.S. PARTICIPATION IN A MULTI-YEAR ADF REPLENISHMENT. IN ADDITION, THE EXECUTIVE BRANCH WOULD SEEK CONGRESSIONAL GUIDANCE ON U.S. PARTICIPATION IN AN ORDINARY CAPITAL INCREASE. ON THE BASIS OF THESE CONSULTATIONS AND AFTER MULTINATIONAL REPLENISHMENT ARRANGEMENTS HAVE BEEN AGREED, SUBJECT, WHERE NECESSARY, TO LEGISLATIVE APPROVAL, THE EXECUTIVE BRANCH WOULD SUBMIT TO THE CONGRESS A PROPOSAL FOR LEGISLATION AUTHORIZING U.S. PARTICIPATION IN BOTH AN ADF REPLENISHMENT AND AN ORDINARY CAPITAL INCREASE
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WELL BEFORE THE BEGINNING OF THE 1977 U.S. FISCAL YEAR. CURRENT EXECUTIVE BRANCH PLANNING FOR THE FY 1977 BUDGET INCLUDES A CONTRIBUTION TO THE ADF. UNQUOTE INGERSOLL

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